



STATE OF WASHINGTON

ECONOMIC AND REVENUE FORECAST COUNCIL

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OLYMPIA, November 16, 2004 --- Revenue collections in the two months since the September forecast have been stronger than expected. However, the new U.S. economic forecast indicates slower growth in the future due largely to higher oil prices. The net effect is a slight increase to the revenue forecast.

The November 2004 General Fund-State revenue estimate for the 2003-05 biennium is \$23,172.7 million, which is \$70.0 million (0.3 percent) more than expected in September. Revenue collection experience since September accounts for \$38.8 million of the change. The revenue forecast for the 2005-07 biennium is \$24,721.8 million, which is a reduction of \$54.2 million (0.2 percent). The combined change for the two biennia is an increase of \$15.8 million.

As required by law, optimistic and pessimistic alternative forecasts were developed for the 2003-05 and 2005-07 biennia. The forecast based on more optimistic economic assumptions netted \$218 million (0.9 percent) more revenue in the current biennium and \$1,228 million (5.0 percent) more revenue in the next biennium than did the baseline while the pessimistic alternative was \$196 million (0.8 percent) lower this biennium and \$1,172 million (4.7 percent) lower next biennium. An alternative forecast based on the average view of the Governor's Council of Economic Advisors yielded \$7 million (0.0 percent) more revenue this biennium and \$71 million (0.3 percent) more revenue next biennium than did the baseline forecast.

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